

Message Text

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PAGE 01 STATE 232859

61

ORIGIN OPIC-06

INFO OCT-01 EA-09 ISO-00 EB-07 AID-05 COME-00 TRSE-00

OMB-01 CIAE-00 INR-07 NSAE-00 (ISO) R

DRAFTED BY OPIC/ID/NEA:AMKRAMISH:ME

APPROVED BY EB/IFD/OIA:RJSMITH

OPIC/T:LNEILSON

EB/IFD/OIA:DHSTEBBING

EA/K:PMAYHEW

EA/EP:RIMUS (INFO)

----- 062039

P 302139Z SEP 75

FM SECSTATE WASHDC

TO AMEMBASSY SEOUL PRIORITY

UNCLAS STATE 232859

E.O. 11652: N/A

TAGS: EINV, KS

SUBJECT: UNION OIL

REF: STATE 215453

1. EMBASSY'S SUGGESTION THAT OPIC EXECUTIVE VICE PRESIDENT TAKE UP PREPAYMENT PROPOSAL (REFTEL) DURING HIS SCHEDULED VISIT TO KOREA OCTOBER 13-16 HAS DISADVANTAGES THAT IT WOULD PROBABLY ENTAIL A SIX-MONTHS DELAY IN PREPAYMENT. PREPAYMENT CAN OCCUR ONLY ON DUE DATES OF INTEREST PAYMENTS (NOVEMBER 17 AND MAY 17). BANK OF AMERICA MUST OBTAIN WAIVER FROM LENDERS TO ALLOW FOR PREPAYMENT AND UNWILLING TO DO SO WITHOUT SOME EVIDENCE ROKG PREPARED TO CONSIDER MATTER FAVORABLY. THUS REQUIREMENT OF 30 DAYS NOTICE MAKES IT NECESSARY TO SOUND OUT ROKG QUICKLY.

2. PREPAYMENT HAS OBVIOUS ADVANTAGE FOR USG THAT IT WILL ENABLE OPIC TO REDUCE SUBSTANTIALLY PRESENT EXPOSURE IN UNCLASSIFIED

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PAGE 02 STATE 232859

KOREA, THEREBY MAKING POSSIBLE ADDITIONAL COVERAGE FOR

NEW INVESTMENT. ALSO, PREPAYMENT WILL REDUCE FUTURE
KYUNG IN FOREIGN EXCHANGE REQUIREMENTS AND IMPROVE COMPANY'S
OVERALL FINANCIAL POSITION. THESE CONSIDERATIONS SHOULD
INTEREST ROKG ALSO, BUT ROKG STILL MAY NOT WISH TO
APPROVE REPAYMENT BECAUSE OF FOREIGN EXCHANGE SITUATION.
BELIEVE ON BALANCE THAT WE SHOULD ENCOURAGE ROKG TO
APPROVE REPAYMENT. REQUEST EMBASSY TO TAKE UP PROPOSAL
(REFTEL) WITH ROKG AT APPROPRIATE LEVEL, IF EMBASSY
SEES NO OBJECTION. EXECUTIVE VICE PRESIDENT WALDORF OF
KYUNG IN IS FULLY CONVERSANT WITH PROPOSAL AND CAN
PROVIDE ADDITIONAL DETAILS OR ACCOMPANY EMBOFFS, AS
REQUIRED. KYUNG IN HAS PREPARED FORMAL APPLICATION TO
EPB WHICH CAN BE FILED AS SOON AS FAVORABLE INDICATION
RECEIVED.

3. OPIC WISHES TO REVIEW PROPOSAL WITH KOREAN EMBASSY
HERE THIS WEEK AND WOULD APPRECIATE YOUR REPLY ASAP. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE232859
Document Source: CORE
Document Unique ID: 00
Drafter: AMKRAMISH:ME
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750339-0327
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975094/aaaaacwd.tel
Line Count: 78
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN OPIC
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 215453
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 10 MAR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 MAR 2003 by maustmc>; APPROVED <11 FEB 2004 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UNION OIL
TAGS: EINV, KS, OPIC, UNION OIL CO
To: SEOUL
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006